

**BLUE CROSS BLUE SHIELD OF MICHIGAN  
HOME HEALTH CARE PROVIDER CLASS PLAN  
QUESTIONS OF INTEREST  
JULY 23, 2007**

**ACHIEVEMENT OF STATUTORY GOALS**

The Office of Financial and Insurance Services needs to answer the following questions to determine whether Blue Cross Blue Shield of Michigan's (BCBSM) provider contracts and reimbursement arrangements for home health care providers have met the access, quality and cost goals specified in Section 504 of the Act:

1. Does BCBSM have participation agreements with an appropriate number of home health care providers throughout Michigan to assure that each subscriber has access to covered services?
2. Has BCBSM established and maintained reasonable standards of health care quality for participating home health care providers?
3. Do the reimbursement arrangements for home health care providers assure that the rate of change in BCBSM payment per member to those providers is not higher than the compound rate of inflation and real economic growth?

The Commissioner needs to consider the overall balance of the goals achieved by BCBSM under the home health care provider class plan. Weight is to be given to each of the 3 statutory goals so that one goal is not focused on independently of the other statutory goals. Comments on how achievement of these goals can best be measured and evaluated will assist the Commissioner in making a determination.

**ACHIEVEMENT OF BCBSM'S OBJECTIVES**

BCBSM must include objectives in each provider class plan. These are expected achievement levels for the goals of reasonable access, cost and quality of health care services. The Office of Financial and Insurance Services needs to also determine whether BCBSM has achieved the objectives contained in the home health care provider class plan and how the objectives relate to the statutory goals. Comments regarding the appropriateness and importance of BCBSM's objectives will assist the Office of Financial and Insurance Services in making these determinations.

**A. ACCESS:**

The BCBSM access objectives in the home health care provider class plan under review are:

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- Participate with all home health care providers that meet BCBSM's qualification standards for participation.
- Provide members with current addresses and telephone numbers of all participating home health care providers.
- Review reimbursement levels periodically and adjust as necessary.

What types of information and data should the Office of Financial and Insurance Services examine to determine whether or not BCBSM has met its access objective?

Would meeting BCBSM's access objective be sufficient to assure that cost effective, quality services provided by home health care providers are available, throughout the state, to BCBSM subscribers?

**B. QUALITY OF CARE:**

The BCBSM objectives in the home health care provider class plan under review are:

- Apply and monitor provider participation requirements and performance standards.
- Meet annually with home health care providers.
- Provide information such as changes in payable services, group benefit changes, billing requirements and other educational materials to all participating providers on a regular basis.
- Maintain and update, as necessary, an appeals process that allows providers to appeal individual claims disputes or utilization review units. This process is described in Addendum F of the Home Health Care Facility Participation Agreement.

What types of information and data should the Office of Financial and Insurance Services examine to determine whether BCBSM has met its quality of care objective?

Would meeting BCBSM's quality of care objective be sufficient to assure that home health care providers actually meet and abide by reasonable standards of health care quality? Is it also necessary or desirable to consider:

1. Whether BCBSM has satisfactorily recognized changes that have taken place in the health care industry?

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2. The ability of BCBSM to process claims in a reasonable and timely manner? Whether BCBSM has satisfactorily provided for a reasonable period for the implementation of policy and claims processing system changes?
3. The need for prompt, reasonable explanations from BCBSM regarding reimbursement issues, medical necessity determinations, audit determinations, etc.?
4. Whether BCBSM has established reasonable internal procedures for promptly resolving disputes?

#### **C. COST:**

BCBSM's achievement of this statutory goal is determined by the application of the cost goal formula found in Section 504 of the Act.

BCBSM's cost objectives in the home health care provider class plan under review are to:

- Limit the rate of increase in total payments per member for home health care providers to the compound rate of inflation and real economic growth as specified in Public Act 350, giving consideration to Michigan and national health care market conditions.
- Provide equitable reimbursement to home health care providers in return for high quality services which are medically necessary.

The Office of Financial and Insurance Services examines existing cost, utilization and communication patterns, the appropriateness of BCBSM's reimbursement arrangements with providers and the overall impact of access and quality of care concerns on cost goal achievement as part of the review process. Comments on the appropriateness of BCBSM's reimbursement arrangements with home health care providers, focusing on whether or not such reimbursement arrangements assure a rate of change in BCBSM payment per member that is not higher than the compound rate of inflation and real economic growth, would be welcome.